

Decision PROPOSED DECISION OF ALJ WILSON (Mailed 10/29/2014)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider
the Annual Revenue Requirement
Determination of the California Department
of Water Resources and Related Issues.

Rulemaking 13-02-019
(Filed February 28, 2013)

**DECISION ALLOCATING THE FINAL REVISED 2015 REVENUE
REQUIREMENT DETERMINATION OF THE CALIFORNIA
DEPARTMENT OF WATER RESOURCES**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
DECISION ALLOCATING THE FINAL REVISED 2015 REVENUE REQUIREMENT DETERMINATION OF THE CALIFORNIA DEPARTMENT OF WATER RESOURCES.....	1
Summary.....	2
1. Background.....	3
2. Allocation of the Final Revised 2015 Revenue Requirement Determination.....	5
2.1. Background.....	5
2.2. SDG&E Petition for Modification.....	7
2.2.1. Request.....	7
2.2.2. Discussion and Conclusion.....	10
2.3. Negative Revenue Requirement.....	10
2.4. Return of Excess Funds.....	10
2.5. Bond Charges.....	11
2.6. Power Charges.....	11
3. Rehearing and Judicial Review.....	12
4. Comments on the Proposed Decision.....	12
5. Assignment of Proceeding.....	12
Findings of Fact.....	12
Conclusions of Law.....	15
ORDER.....	17

APPENDIX A – Allocation of 2015 Revenue Requirement Among Utilities

**DECISION ALLOCATING THE FINAL REVISED 2015 REVENUE
REQUIREMENT DETERMINATION OF THE CALIFORNIA
DEPARTMENT OF WATER RESOURCES**

Summary

In accordance with the Rate Agreement between the California Department of Water Resources (DWR) and California Public Utilities Commission (Commission), DWR submitted its 2015 revenue requirement initial determination of \$889 million to this Commission on August 21, 2014. DWR then updated and made changes to its revenue requirement and submitted a final revised 2015 revenue requirement determination on October 23, 2014. The final revised determination adopted herein is for a revenue requirement of \$883 million, a decrease of \$6 million as compared to the August 21, 2014 submission. The \$883 million revenue requirement consists of \$881 million in bond charges and \$2 million in power charges.

In today's decision, we allocate DWR's final revised 2015 bond charge related revenue requirement of \$881 million to the electric customers of Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE)¹ using the allocation methodology adopted in Decision (D.) 05-06-060, as modified by D.08-11-056.² The allocation results in the electric customers of all three utilities paying \$.005259/kilowatt-hour (kWh) for DWR's recovery of bond charges. As shown in Appendix A of this decision, the Power Charges, which provides the funds to cover DWR's 2015 energy costs, are allocated to the electric customers of PG&E at \$0.27275/kWh. The final net allocation of the 2015 revenue requirement (after

¹ PG&E, SDG&E, and SCE are identified jointly as "Investor-Owned Utilities" or "IOUs" throughout this decision.

² See D.08-11-056 at 7-8.

remittances) for all three utilities results in a negative revenue requirement (return to ratepayers) of \$124 million for PG&E, \$126 million for SCE, and \$42 million for SDG&E, for the total of \$292 million. We also adopt a methodology for the allocation of negative revenue requirements for PG&E, SCE, and SDG&E for the year 2015.

The DWR 2015 revenue requirement adopted herein also includes consideration for the conclusion of actions authorized in D.13-11-033 regarding the Kern River Gas Transmission Company Firm Transportation Service Agreement, by our adoption of SDG&E's August 15, 2014 Petition to Modify D.13-11-033.

1. Background

The California Department of Water Resources (DWR) submitted its 2015 revenue requirement determination to the California Public Utilities Commission (Commission) on August 21, 2014. This submission consisted of the "Determination of Revenue Requirements for the Period January 1, 2015 Through December 31, 2015," the "Notice of Determination of Revenue Requirements," and a memorandum from John Pacheco of DWR to President Michael R. Peevey of the Commission, all provided via electronic mail on August 21, 2014. The memorandum notified the Commission of DWR's 2015 revenue requirement determination, and requested "that the Commission calculate, revise and impose Bond Charges in accordance with Article V of the Rate Agreement..." and "that the Commission calculate, revise and impose Power Charges in accordance with Article VI of the Rate Agreement...."³

On September 5, 2014, the Commission held a prehearing conference (PHC) to discuss the processing of DWR's 2015 revenue requirement

³ The terms "Bond Charge" and "Power Charges" are defined in Article I of the Rate Agreement that was adopted in Decision (D.) 02-02-051.

determination. At the PHC, DWR informed the assigned Administrative Law Judge (ALJ), that it was planning to submit a revised 2015 revenue requirement determination to the Commission by late October 2014.

On October 14, 2014, DWR initiated its revision of the 2015 revenue requirement by issuing a "Proposed Revision to the Determination of Revenue Requirements." The deadline for submitting comments to DWR through its administrative process was October 21, 2014. DWR did not receive any comments on its proposed revision.

On October 23, 2014, DWR submitted its final revised 2015 revenue requirement determination to the Commission, which included the October 23, 2014 "Revision to the Determination of Revenue Requirement for the Period January 1, 2015 Through December 31, 2015," the "Notice of Proposed Revision of Determination of a Revenue Requirement," and DWR's October 23, 2014 memorandum to President Michael R. Peevey titled "Notification of Revised Revenue Requirement Determination for 2015." DWR stated in its final revised 2015 determination that it may propose further revisions to its 2015 revenue requirement, given the potential for changes in the California energy market, DWR's associated obligations and operations related to its long-term power and natural gas contracts, novation of its contracts, receipt of settlements from any legal proceedings involving DWR, and any other events that may materially affect the realized or projected financial performance of the Power Charge or Bond Charge accounts. If such an event occurs, DWR will inform the Commission of such material changes and may revise its 2015 revenue requirement accordingly.

On August 15, 2014, San Diego Gas & Electric Company (SDG&E) filed a petition to modify D.13-11-003. In ~~this~~^{that} decision, the Commission adopted a

settlement regarding the ratemaking treatment of costs incurred by DWR arising from the Kern River Firm Transportation Service Agreement Number 1724 (TSA 1724). This issue is discussed in more detail below.

In her electronic ruling dated October 23, 2014, the assigned ALJ announced the procedure for commenting on DWR's final revised 2015 revenue requirement. In particular, the ALJ ruled that parties may respond to DWR's final revised 2015 revenue requirement in their comments to the Proposed Decision.

We affirm all assigned Commissioner and ALJ rulings herein.

2. Allocation of the Final Revised 2015 Revenue Requirement Determination

2.1. Background

The Commission's obligation is to calculate, revise, and impose the Bond Charge and Power Charges on the electric customers of the three major electric utilities, namely Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and SDG&E. This obligation is contained in the Rate Agreement that was adopted by the Commission in D.02-02-051, and Water Code §§ 80110 and 80134. We perform these calculations using the allocation methodology that we adopted in D.05-06-060, as modified by D.08-11-056, the results of which appear in Appendix A of this decision.

DWR issued its Proposed Revised 2015 Revenue Requirement, which included the updates noted above, on October 14, 2014 and requested comments from interested parties by October 21, 2014. No comments were received. According to DWR, the final revised 2015 revenue requirement determination of \$883 million, which results in a total decrease of \$6 million as compared to the original determination that was submitted on August 21, 2014. This is primarily

due to a \$6 million decrease in the Bond Charge Revenue Requirement. The final revised 2015 revenue requirement determination~~14~~ results from:

1. Incorporating DWR's preliminary actual operating results through September 30, 2014;
2. Inclusion of settlement amounts of approximately \$198 million. The majority of this amount is associated with DWR's participation, along with other California Parties, in the Federal Energy Regulatory Commission Refund Proceedings associated with the California energy crisis in 2000 and 2001;
3. Reduction of the fixed costs of the Kings River Power Supply Contract to reflect the District's use of bond reserves in making debt service payments. The use of such reserves reduces the fixed contract cost billed to the Department;
4. Update of SDG&E's bundled non-exempt bond charge load for 2014 and 2015;
5. Removal of the costs associated with the TSA 1724 from its projections for the 2015 Revenue Requirement effective July 1, 2014;
6. Updated actual Electric Power Fund Operating and Bond Account operating results through September 30, 2014;
7. Updated natural gas price forecasts and related assumptions;
8. Updated projections for contract costs for the remainder of the Power Supply Program; and
9. Revision of the amounts received as settlement payments associated with DWR's participation along with other California Parties in the Federal Energy Regulatory Commission Refund Proceedings associated with the California energy crisis in 2000 and 2001.

The revisions made by DWR to its original 2015 revenue requirement results in a negative revenue requirement (net return of amounts to ratepayers) of \$292 million, which is \$14 million more than originally forecasted to be returned in the August 21, 2014 revenue requirement.

DWR's final revised 2015 revenue requirement determination contains the information needed to recover the revenue requirement from the utilities' electric customers for calendar year 2015. The final revised 2015 revenue requirement determination is based on the assumptions contained in Section D of DWR's revised determination. DWR considered a number of assumptions, including retail customer load, power supply, natural gas prices, and administrative and general expenses, and other considerations affecting DWR's revenues and expenses, including but not limited to SDG&E's Petition for Modification.

2.2. SDG&E Petition for Modification

2.2.1. Request

The Petition for Modification was filed within one year of the issuance of D.13-11-003 and pursuant to the requirements set forth in the Commission's order set forth in the decision, rendering the provisions of Rule 16.4(d) inapposite to this filing. Ordering Paragraph (OP) 3 of D.13-11-003 states that:

Once San Diego Gas & Electric Company (SDG&E) seeks and receives Kern River's consent to a permanent and unconditional release of the California Department of Water Resources (CDWR) from Kern River for the Transportation Service Agreement No. 1724, SDG&E shall file a Petition for Modification of the Commission's decision regarding CDWR's 2014 Revenue Requirement (which considers Scenario 2), incorporating the effect of these actions (pursuant to Scenario 3) on CDWR's 2014 Revenue Requirement.

Pursuant to OP 3 of D.13-11-003, SDG&E filed a Petition to Modify on August 15, 2014, SDG&E provided the required notice and request for rate recognition of the effect of the capacity release. In particular, SDG&E requests the following:

1. SDG&E be relieved of any further obligations under Ordering Paragraph 3 of D.13-11-003, having effected the permanent and unconditional release of the gas transportation capacity

heretofore subject to TSA 1724, as evidenced by the consent of Kern River to such release and the further mutual and general release executed by the DWR, Kern River and SDG&E;

2. SDG&E be authorized to record the reasonable costs and revenues related to the transportation capacity released to SDG&E by Kern River in its Energy Resource Recovery Account (ERRA), effective July 1, 2014;
3. The changes to DWR's annual revenue requirement related to the capacity release effected by SDG&E and consented to by Kern River be adopted by the Commission in the 2015 revenue requirement determination now pending in this docket;
4. Such further relief as the Commission may determine to be just and reasonable;
5. That DWR's 2015 annual revenue requirement determination reflect all such revenues as a credit due to SDG&E;
6. That all over-collections regarding the TSA 1724 be accrued in the SDG&E's Utility-Specific Balancing Account (USBA) and used to offset SDG&E's allocable share of DWR's 2015 revenue requirement;
7. That costs regarding the TSA 1724 be removed from DWR's 2015 Revenue Requirement when DWR files its updates to its 2015 annual revenue requirement determination;
8. That DWR should be encouraged to release those reserves in accordance with DWR's obligations and policies and at the earliest possible time;
9. That DWR should be encouraged to reflect the release of financial reserves in its updates to its 2015 annual revenue requirement determination as credits to the USBAs of each of the three Investor-Owned Utilities (IOUs); and
10. That the credits and over-collections in each of the three IOU's USBAs for 2014 should be used to reduce each utilities' allocable share of DWR's 2015 revenue requirement.

From January 1, 2014 through June 30, 2014, DWR has received revenues from the marketing of the capacity provided under TSA 1724, and normally

records these revenues in SDG&E's USBA. In addition, DWR included the costs of TSA 1724 in its proposed 2015 annual revenue requirement determination as filed on June 26, 2014. DWR is preparing to release financial reserves held against the threat of utility nonpayment of costs arising from TSA 1724.

SDG&E expects that Kern River will bill SDG&E directly as the replacement shipper to TSA 1724. As a result, DWR no longer bears responsibility for any costs associated with TSA 1724 and those costs should be removed from DWR's revenue requirement effective July 1, 2014, the effective date of the capacity release. As these costs are reflected in DWR's 2014 annual revenue requirement and are therefore charged to SDG&E through December 31, 2014, SDG&E's USBA will show an over-collection to the extent SDG&E's payments to DWR for the costs of TSA 1724 exceed DWR's actual costs for TSA 1724.⁴ Effective July 1, 2014, SDG&E plans to record debits and credits from the TSA 1724 capacity release to its ERRA, as SDG&E is now the shipper for TSA 1724. The debits would include all costs billed by Kern River to SDG&E and the credits would reflect the revenues SDG&E may receive from the marketing of capacity surplus to SDG&E's transportation needs.

2.2.2. Discussion and Conclusion

As SDG&E's request is in compliance with OP 3 of D.13-11-003, and DWR has incorporated the effect of this request in its final revised 2015 revenue requirement determination, we adopt SDG&E's Petition for Modification and the specific dollar amounts incorporated into the final revised 2015 revenue requirement determination by DWR.

⁴ The forecast for 2014 authorized in D.13-11-003 included these costs. As of July 1, 2014, DWR will no longer incur these costs, but the 2014 forecast still includes them.

2.3. Negative Revenue Requirement

In past decisions (including D.10-12-006 and D.11-12-005, and D.12-11-040) we authorized methods for determining and returning the negative revenue requirement to PG&E, SCE, and SDG&E electric customers.⁵ We continue to use these adopted methodologies for PG&E, SCE, and SDG&E.

2.4. Return of Excess Funds

The final net allocation of 2015 revenue requirement (after remittances) for all three utilities results in a negative revenue requirement (return of amounts to ratepayers) of \$124 million for PG&E, \$126 million for SCE and \$42 million for SDG&E, for the total of \$292 million.

2.5. Bond Charges

DWR requests that the Commission calculate, revise and impose the Bond Charge on the three utilities so as to satisfy the Rate Covenant in Article V of the Rate Agreement between DWR and the Commission. The Bond Charge is designed to recover DWR's costs associated with its bond financing activities from the utilities' electric customers.

DWR's final revised 2015 revenue requirement determination states that the portion for bond-related costs is \$881 million. DWR's modeling in support of its final revised determination indicates that a Bond Charge of \$0.005259/ kilowatt-hour (kWh) is required to collect this \$881 million. We adopt DWR's requested 2015 Bond Charge, and the Bond Charge rate of \$0.005259/ kWh shall be allocated to the electric customers of PG&E, SCE, and SDG&E.

⁵ As DWR contracts expire or are novated, DWR's required operating reserves are also reduced. With the expiration or novation of these contracts, utilities may experience a "negative revenue requirement," which means that the return of operating reserves to be returned to the investor-owned utilities' electric customers is greater than the allocated costs to such customers, resulting in a reduction of customer rates or offset to other rate increases.

2.6. Power Charges

DWR requests that the Commission calculate, revise and impose Power Charges on the three utilities. The Power Charges are designed to provide the funds necessary to satisfy DWR's final revised 2015 revenue requirement determination for the cost of electric power sold to the utilities' electric customers.

DWR's final revised determination for the 2015 revenue requirement indicates a Power Charge that reflects remittances to be collected by DWR in 2015 from energy delivered in December 2014. We adopt DWR's requested 2015 Power Charge, and the Power Charges shall be calculated and allocated to the electric customers of PG&E as shown in Appendix A of this decision. The Power Charges allocated to the electric customers of PG&E is \$0.27275/kWh.

3. Rehearing and Judicial Review

This decision construes, applies, implements, and interprets the provisions of Assembly Bill (AB) 1X (Chapter 4 of the Statutes of 2001-2002 First Extraordinary Session), and relates to the implementation of DWR's revenue requirement and the establishment and implementation of the Bond Charge and Power Charges necessary to recover that revenue requirement. Therefore, pursuant to Public Utilities (Pub. Util.) Code Section 1731(c), any application for rehearing of this decision is due within 10 days after the date of issuance of this decision. The procedures contained in Pub. Util. Code § 1768 apply to the judicial review of a Commission order or decision that interprets, implements, or applies the provisions of AB 1X.

4. Comments on the Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were

allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on November 18, 2014 by SDG&E. No reply comments were filed. Comments have been considered herein.

5. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner, and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. DWR submitted its 2015 revenue requirement determination to the Commission on August 21, 2014.
2. A PHC was held on September 5, 2014 to discuss the processing of DWR's 2015 revenue requirement determination.
3. DWR's final revised 2015 revenue requirement determination was submitted to the Commission on October 23, 2014.
4. On August 15, 2014, SDG&E filed a petition to modify D.13-11-003. In this decision, the Commission adopted a settlement regarding the ratemaking treatment of costs incurred by DWR arising from the TSA 1724.
5. The main difference between the August 21, 2014 determination of \$889 million and the October 23, 2014 final revised 2015 revenue requirement determinations of \$6 million is due to a decrease in the Bond Charge Revenue Requirement.
6. DWR's final revised 2015 revenue requirement determination contains the information needed to determine the revenue requirement allocated to utility electric customers for calendar year 2015.
7. DWR's final revised 2015 Determination is based on the following revisions:
 - a. Incorporating DWR's preliminary actual operating results through September 30, 2014;

- b. Inclusion of settlement amounts of approximately \$198 million. The majority of this amount is associated with DWR's participation, along with other California Parties, in the Federal Energy Regulatory Commission Refund Proceedings associated with the California energy crisis in 2000 and 2001;
 - c. Reduction of the fixed costs of the Kings River Power Supply Contract to reflect the District's use of bond reserves in making debt service payments. The use of such reserves reduces the fixed contract cost billed to the Department;
 - d. Update of SDG&E's bundled non-exempt bond charge load for 2014 and 2015;
 - e. Removal of the costs associated with the TSA 1724 from its projections for the 2015 Revenue Requirement effective July 1, 2014;
 - f. Updated actual Electric Power Fund Operating and Bond Account operating results through September 30, 2013;
 - g. Updated natural gas price forecasts and related assumptions;
 - h. Updated projections for contract costs for the remainder of the Power Supply Program; and
 - i. Revision of the amounts received as settlement payments associated with DWR's participation along with other California Parties in the Federal Energy Regulatory Commission Refund Proceedings associated with the California energy crisis in 2000 and 2001.
8. As a result of the final revisions, DWR plans to return \$292 million to electric customers, which is \$12 million more than planned in the August 21, 2014 filing.
9. The Bond Charge is designed to recover DWR's costs associated with its bond financing activities.
10. DWR's final revised 2015 revenue requirement for bond-related costs is \$881 million, which results in a Bond Charge of \$0.005259/kWh.

11. The Power Charges are designed to provide the funds necessary to satisfy DWR's final revised 2015 revenue requirement for the cost of electric power sold to the utilities' electric customers.

12. DWR's final revised 2015 revenue requirement for the Power Charge is \$2 million results in the allocated Power Charge to the electric customers of PG&E of \$0.27275/kWh.

13. In past decisions (including D.10-12-006, D.11-12-005, and D.12-11-0404), the Commission authorized methods for determining and returning the negative revenue requirement to PG&E, SCE, and SDG&E electric customers.

14. The Commission issued D.13-11-003 regarding the TSA settlement in the current proceeding at the November 14, 2014 Commission meeting.

Conclusions of Law

1. The Commission is obligated to calculate, revise, and impose the Bond Charge and Power Charge on the electric customers of PG&E, SCE, and SDG&E.

2. The methodology authorized in D.10-12-006 to return negative revenue requirement to PG&E electric customers should be adopted for 2015.

3. The methodology authorized in D.11-12-005 to return the negative revenue requirement to SCE electric customers should be adopted for 2015.

4. The methodology authorized in D.12-11-040 to return the negative revenue requirement to SDG&E electric customers should be adopted for 2015.

5. The final net allocation of 2015 revenue requirement (after remittances) for all three utilities which results in a return of excess amounts of \$124 million for PG&E, \$126 million for SCE and \$42 million for SDG&E, for the total of \$292 million, should be adopted.

6. DWR's requested 2015 Bond Charge of \$881 million (\$0.005259/kWh) should be adopted and allocated to the electric customers of PG&E, SCE, and SDG&E, as ordered herein.

7. The 2015 Power Charge of \$0.27275/kWh should be adopted and allocated to the electric customers of PG&E, as ordered herein.

8. SDG&E's Petition to Modify should be adopted. The dollar changes resulting from this authority that are recognized in DWR's final revised revenue requirement determination should be adopted. In particular, the following should be adopted:

- a. SDG&E should be relieved of any further obligations under Ordering Paragraph 3 of Decision 13-11-003, having effected the permanent and unconditional release of the gas transportation capacity heretofore subject to TSA 1724, as evidenced by the consent of Kern River to such release and the further mutual and general release executed by the DWR, Kern River and SDG&E;
- b. SDG&E should be authorized to record the reasonable costs and revenues related to the transportation capacity released to SDG&E by Kern River in its ERRA, effective July 1, 2014;
- c. The changes to DWR's annual revenue requirement related to the capacity release effected by SDG&E and consented to by Kern River should be adopted by the Commission in the 2015 revenue requirement determination now pending in this docket;
- d. That DWR's 2015 annual revenue requirement determination should reflect all such revenues as a credit due to SDG&E;
- e. That all over-collections regarding the TSA 1724 should be accrued in the SDG&E's USBA and used to offset SDG&E's allocable share of DWR's 2015 revenue requirement;
- f. That costs regarding the TSA 1724 should be removed from DWR's 2015 Revenue Requirement when DWR files its updates to its 2015 annual revenue requirement determination;
- g. That DWR should release those reserves in accordance with DWR's obligations and policies and at the earliest possible time;

- h. That DWR should reflect the release of financial reserves in its updates to its 2015 annual revenue requirement determination as credits to the USBAs of each of the three IOUs; and
- i. That the credits and over-collections in each of the three IOU's USBAs for 2014 should be used to reduce each utilities' allocable share of DWR's 2015 revenue requirement.

9. This decision construes, applies, implements, and interprets the provisions of AB 1X, and relates to the implementation of DWR's revenue requirement and the establishment and implementation of the Bond Charge and Power Charges necessary to recover that revenue requirement.

10. Pub. Util. Code § 1731(c) (applications for rehearing are due within 10 days after the date of issuance of this order) and Pub. Util. Code § 1768 (procedures applicable to judicial review) are applicable to this decision.

O R D E R

IT IS ORDERED that:

1. The California Department of Water Resources' (DWR) 2015 revenue requirement determination of \$883 million (as revised on October 23, 2014) is adopted and allocated as follows to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E), as shown in Appendix A of this decision, and as detailed below:

- a. As shown in Appendix A of this decision, the 2015 Power Charges allocated to the electric customers of PG&E is set at \$0.27275 per kilowatt-hour (kWh), and shall go into effect on January 1, 2015.
- b. The Commission shall allocate the return of DWR's excess cash as follows:

- i. Return \$124 million to PG&E's electric customers in 2015;
 - ii. Return \$126 million to SCE's electric customers in 2015;
 - iii. Return \$42 million from SDG&E's electric customers in 2015; and
 - c. The 2015 Bond Charge allocated to the electric customers of PG&E, SCE, and SDG&E is set at \$0.005259 per kWh, and shall go into effect on January 1, 2015.
2. The methodology authorized in Decision 10-12-006 to return the negative revenue requirement to Pacific Gas and Electric Company electric customers is adopted for 2015.
3. The methodology authorized in Decision 11-12-005 to return the negative revenue requirement to Southern California Edison Company electric customers is adopted for 2015.
4. The methodology authorized in Decision 12-11-040 to return the negative revenue requirement to San Diego Gas & Electric Company electric customers is adopted for 2015.
5. San Diego Gas and Electric Company's (SDG&E) Petition for Modification of Decision 13-11-003, pursuant to Ordering Paragraph 3 of that decision, is adopted. The dollar changes resulting from this authority that are recognized in the California Department of Water Resources (DWR) 2015 final revised revenue requirement determination is adopted. In particular, the following are adopted:
 - a. SDG&E is relieved of any further obligations under Ordering Paragraph 3 of Decision 13-11-003, having effected the permanent and unconditional release of the gas transportation capacity heretofore subject to Transportation Service Agreement No. 1724 (TSA 1724), as evidenced by the consent of Kern River to such

- release and the further mutual and general release executed by the DWR, Kern River and SDG&E;
- b. SDG&E is authorized to record the reasonable costs and revenues related to the transportation capacity released to SDG&E by Kern River in its Energy Resource Recovery Account, effective July 1, 2014;
 - c. The changes to DWR's annual revenue requirement related to the capacity release effected by SDG&E and consented to by Kern River is adopted by the Commission in the 2015 revenue requirement determination now pending in this docket;
 - d. DWR's 2015 annual revenue requirement determination reflects all such revenues as a credit due to SDG&E;
 - e. All over-collections regarding the TSA 1724 are accrued in the SDG&E's Utility-Specific Balancing Account (USBA) and used to offset SDG&E's allocable share of DWR's 2015 revenue requirement;
 - f. Costs regarding the TSA 1724 are removed from DWR's 2015 Revenue Requirement when DWR files its updates to its 2015 annual revenue requirement determination;
 - g. DWR shall release those reserves in accordance with DWR's obligations and policies and at the earliest possible time;
 - h. DWR shall reflect the release of financial reserves in its updates to its 2015 annual revenue requirement determination as credits to the USBAs of each of the three Investor Owned Utilities (IOUs); and
 - i. The credits and over-collections in each of the three IOU's USBAs for 2014 shall be used to reduce each utilities' allocable share of DWR's 2015 revenue requirement.
6. Public Utilities Code Section 1731(c) (applications for rehearing are due within 10 days after the date of issuance of the order or decision) and Public Utilities Code Section 1768 (procedures applicable to judicial review) are applicable to this decision.

7. Rulemaking 13-02-019 remains open.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A

Allocation of 2015 Revenue Requirement Among Utilities

Allocation of 2015 Revenue Requirement Among Utilities						
California Department of Water Resources						
(Dollars in millions)						
Line	Description	Scenario 1: 2015 RR--- 10-23-2014				Reference
		filing				
		PG&E	SCE	SDG&E	Total	
1	Allocation Percentages	42.20%	47.50%	10.30%	100.00%	Decision 05-06-060
2						
3	2004-2013 Expenses	12,144	15,118	4,584	31,846	Actuals
4	2004-2013 Revenues	11,691	14,013	4,674	30,377	Actuals
5	Amount to be collected from /(returned to) the IOU USBA	\$ 453	\$ 1,106	\$ (90)	\$ 1,468	Line 3 - Line 4
6						
7	2014 Expenses	22	7	10	40	actuals through Aug-14 then projected
8	2014 Revenues	111	72	(2)	181	actuals through Aug-14 then projected
9	Amount to be collected from /(returned to) the IOU USBA	\$ (89)	\$ (64)	\$ 12	\$ (141)	Line 7 - Line 8
10						
11	Balancing Calculation					
12	December 31, 2015 Projected PCA Balance: Desired Allocation	9	10	2	21	
13	January 1, 2004 Starting PCA Balance: Desired Allocation	701	789	171	1,660	
14	Amount to be collected from /(returned to) the IOU USBA	\$ (692)	\$ (779)	\$ (169)	\$ (1,640)	Line 12 - Line 13
15						
16	Fixed Transfer Payments Through 2014	192	(395)	204	-	
17	2004-2013 True-up	364	1,041	(78)	1,328	Line 5 + Line 9
18	Starting and Ending balance True-up	(692)	(779)	(169)	(1,640)	Line 14
19	Cumulative True-up to be collected from/(returned to) IOU USBA	\$ (136)	\$ (133)	\$ (43)	\$ (312)	Subtotal
20						
21	2015 Revenue Requirement Determination					
22	Avoidable Costs	2	-	-	2	2015Rptrr
23	Net CFC	4	-	-	4	2015Rptrr
24	Fixed Transfer Payments	0	-	(0)	-	includes 2009 Calpine Indifference/Acceleration Pmts
25	Administrative and General	6	7	2	15	2015Rptrr
26	Interest Earnings on Fund Balance	(0)	(0)	(0)	(1)	2015Rptrr
27	Balancing Transfer between IOUs [(+) is pmt, (-) is receipt]	(136)	(133)	(43)	(312)	Line 19
28	Net Allocation of Revenue Requirements	\$ (124)	\$ (126)	\$ (42)	\$ (292)	
29						
30	Remittance Table					
31	Positive RR with DWR Deliveries	5	-	-	5	Amount based on power costs only (Lines 22-23)
32	Negative RR without DWR Deliveries	-	(126)	(42)	(168)	Amount based on net RR (Line 28)
33	Subtotal	\$ 5	\$ (126)	\$ (42)		
34						
35	DWR Delivered Energy (GWh)	20	NA	NA		
36	Calendar Year Remittance Rates (\$/MWh)	272.75	NA	NA		Line 33 divided by Line 35
37						
38	IOU Remittances (payment to DWR)	5		-	5	
39	Return of Excess Amounts (payment to IOUs)	\$ (130)	\$ (126)	\$ (42)	(298)	
40	Final Allocation of Revenue Requirements (after remittances)	\$ (124)	\$ (126)	\$ (42)	\$ (292)	

California Department of Water Resources					
2015 Revenue Requirement Filing					
(Dollars in millions)					
		Scenario 1: 2015 RR--- 10-23-2014 filing			
		2014 RR Filing (actuals through Aug-14)			
Line	Description	PG&E	SCE	SDG&E	Total
1	Beginning Balance in Power Charge Accounts				333
2					
3	Power Charge Revenues				
4	Power Charge Accounts Operating Revenues	2	-	-	2
5	Power Charge Revenues from Direct Access Customers	-	-	-	-
6	Total Power Charge Revenues	2	-	-	2
7	IOU Specific Revenue				
8	Surplus (Off-System Sales) Revenue	-	-	-	-
9	Return of Exces Cash	-	-	-	-
10	Avoidable Revenues	-	-	-	-
11	ISO Reimbursement	-	-	-	-
12	Non-IOU Specific Revenue				
13	(Non-IOU Specific Revenue % Allocator)	42.2%	47.5%	10.3%	100.0%
14	Return of Exces Cash	(124)	(140)	(30)	(294)
15	Extraordinary Receipts (see breakout below)	-	-	-	-
16	Non-Avoidable Revenue	-	-	-	-
17	Total Non-IOU Specific Revenue	(124)	(140)	(30)	(294)
18	Subtotal	(124)	(140)	(30)	(294)
19	Interest Earnings on Fund Balances	0	0	0	1
20	Total Power Charge Accounts Operating Revenues	(122)	(139)	(30)	(292)
21					
22	Power Costs				
23	<i>Non-Avoidable % Allocator</i>	<i>42.2%</i>	<i>47.5%</i>	<i>10.3%</i>	<i>100.0%</i>
24	Non Avoidable Costs	4	-	-	4
25	Williams Gas Adjustment - projected for remainder of year	-	-	-	-
26	Net Non Avoidable Costs	4	-	-	4
27	Avoidable Costs	2	-	-	2
28	Total Contract Costs	5	-	-	5
29	Other Non-Allocated Costs	-	-	-	-
30	Total Power Costs	5	-	-	5
31					
32	Gas Collateral Costs	-	-	-	-
33	Administrative and General Expenses	6	7	2	15
34	Total Power Charge Accounts Operating Expenses	12	7	2	20
35					
36	Net Operating Revenues	(134)	(146)	(32)	(312)
37					
38	Ending Aggregate Balance in Power Charge Accounts				\$ 21

California Department of Water Resources									
2014 Revenue Requirement Filing									
(Dollars in millions)									
					Scenario 1: 2015 RR-- 10-23-2014 filing				
					2014 RR Filing				
					2014 RR Filing (actuals through Aug-14)				
Line	Description	PG&E	SCE	SDG&E	Total	PG&E	SCE	SDG&E	Total
1	Beginning Balance in Power Charge Accounts				177				192
2									
3	Power Charge Revenues								
4	Power Charge Accounts Operating Revenues	3	-	3	5	38	0	3	41
5	Power Charge Revenues from Direct Access Customers	-	-	-	-	-	0	1	1
6	Total Power Charge Revenues	3	-	3	5	38	0	4	42
7	IOU Specific Revenue								
8	Surplus (Off-System Sales) Revenue	-	-	-	-	-	-	-	-
9	Return of Exces Cash	-	-	-	-	(15)	(27)	(27)	(69)
10	Avoidable Revenues	-	-	-	-	0	-	-	0
11	ISO Reimbursement	-	-	-	-	-	-	-	-
12	Non-IOU Specific Revenue								
13	(Non-IOU Specific Revenue % Allocator)	42.20%	47.50%	10.30%	100.00%	42.2%	47.5%	10.3%	100.0%
14	Return of Exces Cash	(25)	(28)	(6)	(59)	-	-	-	-
15	Extraordinary Receipts (see breakout below)	-	-	-	-	87	98	21	207
16	Non-Avoidable Revenue	-	-	-	-	-	-	0	0
17	Total Non-IOU Specific Revenue	(25)	(28)	(6)	(59)	87	98	21	207
18	Subtotal	(25)	(28)	(6)	(59)	73	72	(6)	138
19	Interest Earnings on Fund Balances	0	0	0	0	0	0	0	0
20	Total Power Charge Accounts Operating Revenues	(22)	(28)	(3)	(53)	111	72	(2)	181
21									
22	Power Costs								
23	Non-Avoidable % Allocator	42.20%	47.50%	10.30%	100.00%	42.2%	47.5%	10.3%	100.0%
24	Non Avoidable Costs	12	-	15	27	5	-	9	14
25	Williams Gas Adjustment - projected for remainder of year	-	-	-	-	-	-	-	-
26	Net Non Avoidable Costs	12	-	15	27	5	-	9	14
27	Avoidable Costs	3	-	-	3	11	-	-	11
28	Total Contract Costs	15	-	15	30	15	-	9	24
29	Other Non-Allocated Costs	-	-	-	-	1	1	0	3
30	Total Power Costs	15	-	15	30	17	1	9	27
31									
32	Gas Collateral Costs	-	-	-	-	(0)	(0)	-	(0)
33	Administrative and General Expenses	6	7	2	15	5	6	1	13
34	Total Power Charge Accounts Operating Expenses	21	7	17	45	22	7	10	40
35									
36	Net Operating Revenues	(43)	(35)	(20)	(99)	89	64	(12)	141
37									
38	Ending Aggregate Balance in Power Charge Accounts				79			\$	333

California Department of Water Resources									
2013 Revenue Requirement Filing									
(Dollars in millions)									
Line	Description	2013 RR Filing				2013 Actuals			
		PG&E	SCE	SDG&E	Total	PG&E	SCE	SDG&E	Total
1	Beginning Balance in Power Charge Accounts				245				274
2									
3	Power Charge Revenues								
4	Power Charge Accounts Operating Revenues	1	-	0	1	21	0	35	56
5	Power Charge Revenues from Direct Access Customers	-	-	-	-	1	-	3	5
6	Total Power Charge Revenues	1	-	0	1	22	0	39	61
7	IOU Specific Revenue								
8	Surplus (Off-System Sales) Revenue	-	-	-	-	-	-	-	-
9	Return of Exces Cash	-	-	-	-	(48)	(70)	-	(117)
10	Avoidable Revenues	-	-	-	-	0	-	-	0
11	ISO Reimbursement	-	-	-	-	-	-	-	-
12	Non-IOU Specific Revenue								
13	(Non-IOU Specific Revenue % Allocator)	42.2%	47.5%	10.3%	100.0%	42.2%	47.5%	10.3%	100.0%
14	Return of Exces Cash	(26)	(29)	(6)	(62)	-	-	-	-
15	Extraordinary Receipts (see breakout below)	-	-	-	-	9	10	2	21
16	Non-Avoidable Revenue	-	-	-	-	9	0	-	9
17	Total Non-IOU Specific Revenue	(26)	(29)	(6)	(62)	18	10	2	30
18	Subtotal	(26)	(29)	(6)	(62)	(29)	(60)	2	(87)
19	Interest Earnings on Fund Balances	0	0	0	1	0	0	0	1
20	Total Power Charge Accounts Operating Revenues	(25)	(29)	(6)	(60)	(7)	(59)	41	(25)
21									
22	Power Costs								
23	<i>Non-Avoidable % Allocator</i>	42.2%	47.5%	10.3%	100.0%	42.2%	47.5%	10.3%	100.0%
24	Non Avoidable Costs	11	-	31	42	17	-	29	46
25	Williams Gas Adjustment - projected for remainder of year	-	-	-	-	-	-	-	-
26	Net Non Avoidable Costs	11	-	31	42	17	-	29	46
27	Avoidable Costs	5	-	-	5	9	-	-	9
28	Total Contract Costs	16	-	31	46	25	-	29	54
29	Other Non-Allocated Costs	-	-	-	-	0	0	0	1
30	Total Power Costs	16	-	31	46	26	0	29	55
31									
32	Gas Collateral Costs	-	-	-	-	(3)	(8)	(2)	(12)
33	Administrative and General Expenses	8	9	2	19	6	7	1	14
34	Total Power Charge Accounts Operating Expenses	24	9	33	65	29	(1)	28	57
35									
36	Net Operating Revenues	(48)	(38)	(39)	(125)	(36)	(59)	13	(82)
37									
38	Ending Aggregate Balance in Power Charge Accounts				121				\$ 192

(END OF APPENDIX A)

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Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Moved to	0
Style change	0
Format changed	0
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